

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

PROCEEDING #16-11565-A

DECEMBER 13, 2016

10:35 A.M.

ALLOWABLE EX PARTE BRIEFING – ND-2016-66-E

DUKE ENERGY CAROLINAS, LLC, and DUKE ENERGY PROGRESS, LLC - Notice of Request for Allowable Ex Parte Communication Briefing to Discuss the Impact of Hurricane Matthew on the Duke Energy System, Response, and Restoration

**TRANSCRIPT OF
PROCEEDINGS**

**ALLOWABLE
EX PARTE BRIEFING**

COMMISSION MEMBERS PRESENT: Swain E. WHITFIELD, CHAIRMAN;
Comer H. ‘Randy’ RANDALL, VICE CHAIRMAN; and
COMMISSIONERS John E. ‘Butch’ HOWARD, Elliott F. ELAM, Jr.,
Elizabeth B. ‘Lib’ FLEMING, Nikiya M. ‘Nikki’ HALL, and G. O’Neal
HAMILTON

ADVISOR TO COMMISSION: Joseph Melchers, Esq.
General Counsel

STAFF: F. David Butler, Senior Counsel; James Spearman, Ph.D., Executive Assistant to Commissioners; B. Randall Dong, Esq., and David W. Stark, III, Esq., Legal Staff; Douglas K. Pratt, Lynn Ballentine, and Tom Ellison, Technical Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter; and Deborah Easterling, Hearing Room Assistant

APPEARANCES:

HEATHER SHIRLEY SMITH, ESQUIRE, and FRANK R. ELLERBE, III, ESQUIRE, together with **BOBBY SIMPSON** [Director, Power Quality, Reliability, and Integrity Engineering, Duke Energy Carolinas/Duke Energy Progress, and **MINDY TAYLOR** [Manager, Government and Community Relations, Duke Energy Carolinas/Duke Energy Progress, representing and presenting for **DUKE ENERGY CAROLINAS, LCC, and DUKE ENERGY PROGRESS, LCC**

JEFFREY M. NELSON, ESQUIRE, representing the
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Please note the following inclusions/attachments to the record:

- Presentation Slides (PDF)

Please also note: For identification of any additional referenced materials and/or links for same, please see Certification correspondence filed by the Office of Regulatory Staff.

P R O C E E D I N G S

1
2 **CHAIRMAN WHITFIELD:** Please be seated. I'll
3 call this allowable ex parte briefing to order and
4 ask our attorney, Mr. Melchers, to read the docket.

5 **MR. MELCHERS:** Thank you, Mr. Chairman.
6 Commissioners, we're here pursuant to a Notice of
7 Request for Allowable Ex Parte Communication
8 Briefing scheduled for, here, in the Commission
9 hearing room, today, December 13th, at 10:30 a.m.

10 The parties requesting the briefing are Duke
11 Energy Carolinas, LLC, and Duke Energy Progress,
12 LLC. The subject matter to be discussed at this
13 briefing is: Impact of Hurricane Matthew on Duke
14 Energy's system, response, and restoration.

15 Thank you, Mr. Chairman.

16 **CHAIRMAN WHITFIELD:** Thank you, Mr. Melchers.
17 I'll now turn it over to Mr. Jeff Nelson, of ORS,
18 to give us some instruction.

19 **MR. NELSON:** Thank you, Mr. Chairman and
20 Commissioners.

21 For those of you that don't know me, my name
22 is Jeff Nelson. I'm the chief counsel for the
23 Office of Regulatory Staff. I'm here today as the
24 designee for the Executive Director of the Office
25 of Regulatory Staff, Mr. Dukes Scott.

1 As the ORS representative, it's my duty to
2 certify the record of the proceeding in this case
3 with the Chief Clerk of the Public Service
4 Commission within 72 hours of this presentation,
5 and I need to certify that this has been conducted
6 in compliance with the provisions of South Carolina
7 Code Annotated Section 58-32-260(C). The
8 requirements of that statute are, in part, that the
9 allowable ex parte needs to be confined to the
10 subject matter which has been noticed – and in this
11 case, and as Mr. Melchers just mentioned to
12 everybody, what has been noticed in this case is:
13 The impact of Hurricane Matthew on Duke Energy's
14 system, response, and restoration. Therefore,
15 comments made by presenters or by the Commission
16 need to be limited to that topic today.

17 Secondly, the statute prohibits any
18 participants, Commissioners, or Commission staff
19 from requesting or giving any commitment,
20 predetermination, or prediction regarding any
21 action that the Commission may take as to any
22 ultimate or penultimate issue, which either is
23 likely or is to come before the Commission.

24 Third, I would ask the participants,
25 Commissioners, and staff refrain from referencing

1 any reports, articles, statutes, or documents of
2 any kind that are not included in today's
3 presentation, to prevent the need for us to try to
4 find those afterwards. And, again, because we're
5 limited to the 72 hours, when documents are
6 mentioned that aren't part of the briefing that
7 we've seen ahead of time, that makes it very
8 difficult for us to find those and make sure the
9 record is complete within the 72 hours.

10 Finally, as none of the information contained
11 in the presentation appears to have been marked, we
12 want to make sure that nothing's been marked as
13 confidential. I don't see anything in this that
14 has been, but please try to refrain from
15 referencing anything you think may be confidential,
16 because, again, that would cause some difficulties
17 in certifying the record.

18 As a final note I just want to make sure that
19 everybody out here today both signed in, when you
20 came in the door – everybody should've signed in –
21 and you should've been given a form when you came
22 in. Please make sure that you actually read the
23 form, which is always a good thing. As a lawyer, I
24 always like to tell people to actually read forms
25 before you sign them. Please verify that the

1 proceedings – this needs to be signed by everybody
2 here, to verify that this hearing has been
3 conducted in accordance with the provisions of 58-
4 3-260, so please sign that and make sure it's
5 turned in before you leave today.

6 That's all I have, Mr. Chairman.

7 **CHAIRMAN WHITFIELD:** Thank you, Mr. Nelson.
8 I'll now call on the attorneys for Duke Energy
9 Carolinas and Duke Energy Progress to make your
10 appearances, and I want to recognize you at this
11 time.

12 **MS. SMITH:** Thank you. Can you can hear me?

13 **CHAIRMAN WHITFIELD:** Yes, ma'am.

14 **MS. SMITH:** Good morning. We're very happy to
15 be here today. I'm Heather Shirley Smith, counsel
16 for Duke Energy Carolinas and Duke Energy Progress.

17 With us today, we have Bobby Simpson. He's
18 our Director of Power Quality, Reliability and
19 Integrity Engineering; and Mindy Simpson – I'm
20 sorry, Mindy Taylor. Gave you a new name, there.
21 Mindy Taylor.

22 [Laughter]

23 She's our Government and Community Relations
24 Manager, and she's located in Florence.

25 Mr. Simpson was the storm director for

1 Hurricane Matthew, so he's here today to tell you
2 about his role and our response. And Mindy Taylor
3 was the local liaison in the Florence-and-
4 surrounding areas, working with government and
5 community leaders to get through the aftermath of
6 the storm.

7 With that, I'll turn it over to our experts.

8 **MR. BOBBY SIMPSON [DEC/DEP]:** Okay, thank you.
9 Can you hear me?

10 **MR. MELCHERS:** No.

11 **MR. BOBBY SIMPSON [DEC/DEP]:** [Indicating.]
12 Can you hear me now?

13 **MR. MELCHERS:** Yes.

14 **MR. BOBBY SIMPSON [DEC/DEP]:** Okay, great.
15 Well, good morning, and thank you for allowing us
16 to share with you our experiences responding to the
17 effects of Hurricane Matthew.

18 [Reference: Presentation Slide 2]

19 So Mindy and I are going to update you on the
20 preparation, the impacts, the restoration process,
21 communication strategies, and then we'll also talk
22 about lessons learned

23 [Reference: Presentation Slide 3]

24 So, you know, we all certainly know that
25 Hurricane Matthew was a very destructive and deadly

1 storm. In fact, it knocked out power for 1½
2 million Duke Energy customers across both of the
3 Carolinas on October 8th and 9th. In fact, at the
4 height of the storm, in more than 20 counties
5 across the region, there were more than 90 percent
6 of the customers that we serve in those counties
7 without power.

8 We're happy to be here explaining our
9 experience, and we have memorialized that in a
10 report that I understand will be filed with the
11 Commission.

12 So the blow that Hurricane Matthew delivered
13 on the Carolinas, you know, we're not going to
14 forget that anytime soon. In fact, the National
15 Oceanic and Atmospheric Administration, referred to
16 as NOAA, has officially declared Matthew as a 1000-
17 year flood event. And for us, it's the fifth worst
18 storm, based on peak outage totals, to hit the Duke
19 Energy service area – and I'm going to talk about
20 that in a few minutes.

21 But as you can imagine, organizing and
22 responding to a storm like this requires more than
23 a Herculean effort; it requires a team of dedicated
24 and experienced professionals from across the
25 industry, across the State, and the community.

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We'd like to take this time to express our thanks and gratitude to everyone involved, from the first responders who risked their lives to save others, the local and State emergency management officials who worked very closely with our teams to navigate the unprecedented conditions in some of the hardest-hit communities, and to our customers, many of whom, as you know, have lost a lot more than electricity. So we're very grateful for the teamwork here.

In fact, at the end of the day, a response effort like this is all about helping people return to normalcy. So we are especially appreciative for the acts of kindness by the citizens of South Carolina who supported our employees and their families across the State – things like bringing food, thank you cards to staging areas, or just saying a heartfelt thank-you just means a lot to people that are out there dealing with the reality of a storm response.

[Reference: Presentation Slide 4]

So we have meteorologists that monitor the weather around-the-clock and they send us daily tropical outlooks straight to our storm organization. So, for us, looking at Matthew and

1 paying attention to it started in mid-September,
2 because we started tracking the path of that storm
3 because we were concerned about the first impact
4 being the Florida service area. And when we first
5 got guidance that it was going to impact the
6 Carolinas, I remember it was Sunday, October 2nd,
7 and that first forecast indicated Matthew would
8 come close to but remain offshore of the Carolina
9 coast.

10 By Tuesday, October 4th, it started tracking –
11 or, the forecast would track more to the west. And
12 the initial estimates on that Tuesday would be that
13 our peak outages would be around 400,000. And, so,
14 based on that, we started acquiring resources, so
15 we could get the mobilization effort going, because
16 the intent is to get people in place, out of harm's
17 way, before the storm hits. So that 400,000
18 customer-out forecast translated into about 2300
19 people that we wanted to have in place, that could
20 respond to get power restored.

21 The very next day, Wednesday, October 5th, the
22 storm showed a more favorable track, with impacts
23 less than expected and, while they continued to
24 show heavy rain and strong wind gusts east of I-95
25 and along the immediate coast, the interior

1 locations were expected to receive only scattered
2 showers and light winds, resulting in minor
3 outages. So, based on that revised forecast, we
4 actually reduced everything in half, because the
5 customer-outage forecast at that time was about
6 200,000 and the number of people needed was around
7 1000.

8 But, storms are very unpredictable, and
9 Matthew certainly lived up to that. So by the next
10 day, October 6th, the concern for outages grew
11 again, because the meteorologists' forecast again
12 said there may be a wetter forecast track further
13 inland. So while there was still some uncertainty
14 at that time, as far as where the storm would
15 exactly cross over or how close to the coast, we
16 went back to our original staffing plan with the
17 400,000 customers out and the 2300 people needed.
18 So we started mobilizing resources from the
19 Carolinas, Duke Energy Ohio, and Duke Energy
20 Indiana, and we also started mobilizing resources
21 that we were able to secure from the Southeastern
22 Electric Exchange Mutual Assistance Program.

23 So, by Friday, October 7th, we had an army.
24 By then, we had 4600 line workers, tree crews,
25 damage assessors, and other support personnel that

1 were in place and ready to respond. But those
2 efforts go beyond just the people that restore
3 power, because we had volunteers, up to 400 a day,
4 who received just-in-time training to assist
5 customers by telephone.

6 [Reference: Presentation Slide 5]

7 So we continued to bolster up the number of
8 people each day, so we ultimately quadrupled our
9 initial plan for number of people to around 10,000.
10 So here's a way to think of it, in terms of the way
11 that played out. So, on October 8th, we had about
12 5600 people as the storm moved through. So this is
13 that Saturday as the storm was moving through, so
14 around 5600 people that were in place, waiting for
15 it to pass. Sunday, October 9th – and it was about
16 8 a.m. Sunday morning when we reached our peak
17 number out at any one time – we had those 5600
18 actually working, responding, with 6000 more en
19 route.

20 By Monday, October 10th, we were up to 7000
21 actually boots-on-the-ground working, with more en
22 route. October 11th, we were up to 9000, with
23 still about 1500 en route. And so, October 12th,
24 which is Wednesday, that's when we reached the full
25 capacity.

1 So you can imagine the logistics required to
2 deal with all of that. We ended up with 14 staging
3 areas, four of those here in South Carolina:
4 namely, Florence-Darlington Tech, Florence Civic
5 Center, Sumter County Spec Building, and the Dillon
6 Church of God Youth & Activity Center; 4600 cots,
7 all of those in South Carolina. Tent cities, we
8 call them. Almost 10,000 hotel rooms and 143,000
9 meals served, almost 70,000 of those in South
10 Carolina. So if you look at the customer impacts,
11 while the number of outages at peak was significant
12 for our South Carolina customers, what's even more
13 significant to note is that some of the hardest-hit
14 counties had 90 percent or more customers without
15 power.

16 [Reference: Presentation Slide 6]

17 But the numbers really don't tell the whole
18 story, because what people experience in events
19 like this is additional outages occur, even after
20 the height of the storm, so the peak number doesn't
21 necessarily reflect that. So, throughout the
22 event, customers do continue to lose power as the
23 storm passes through the service area, and that's
24 where flooding occurred.

25 For the duration of the event, in total, in

1 South Carolina, we had just shy of 300,000 outages
2 in the Duke Energy Progress service area and about
3 15,000 outages in the Duke Energy Carolinas service
4 area.

5 [Reference: Presentation Slide 7]

6 So I want to talk a little bit about damage.
7 So, both our transmission and distribution systems
8 sustained significant storm damage. Specifically,
9 on the Duke Energy Progress transmission system, we
10 had 115 substations and 58 lines out of service,
11 and of that number, 39 of those substations were
12 here in South Carolina and 18 lines in South
13 Carolina were out. So Duke Energy Progress' total
14 Carolinas distribution system – that was
15 transmission, so now when I move to distribution –
16 300 miles of downed wire, wire on the ground, about
17 2000 poles down, and 800 damaged transformers.

18 So when you think about Matthew, the thing
19 that really was different about Matthew for us, in
20 terms of storm impacts, I put it in three
21 categories. We had very saturated ground, so you
22 may remember we had had rain before that and the
23 ground was highly saturated. Then you add to that
24 a 1000-year rain event, and then the hurricane-
25 force winds. You put all that together, what we

1 saw was just a huge number of trees down, root ball
2 and all, and that was the biggest damage cause on
3 our system.

4 [Reference: Presentation Slide 8]

5 Just to show you some photos, here, just to
6 give you a sample: Broken poles were the kind of
7 thing we saw.

8 [Reference: Presentation Slides 9]

9 Wire down.

10 [Reference: Presentation Slide 10]

11 This is the trees down, root ball and all, I
12 like to say.

13 [Reference: Presentation Slide 11]

14 Equipment on the ground, and damaged.

15 [Reference: Presentation Slide 12]

16 And more damage.

17 [Reference: Presentation Slide 13]

18 And so, when it comes to the flooding, when we
19 started planning our process to Hurricane Matthew
20 late in September, we fully expected hurricane-
21 force winds, but I don't think anyone anticipated
22 the amount of rain and that we would have that kind
23 of a historic flooding event engulfing entire
24 areas. So we know the rain was historic: 12 to 18
25 inches of rain, in some areas, resulting in

1 flooding that was so severe that entire homes and
2 businesses were nearly covered in water, as well as
3 much of our electrical infrastructure.

4 [Reference: Presentation Slide 14]

5 So this is one of our Operations Centers that
6 we had to evacuate and work the area out of another
7 location.

8 [Reference: Presentation Slide 15]

9 So the flooding presented lots of restoration
10 challenges, and while most customers were very
11 hospitable, we did have cases of hostility. In
12 fact, there was one instance where employees were
13 shot at as they traveled into the affected areas.

14 The damage assessment that we had to do often
15 required literally bushwhacking your way in, using
16 chainsaws and machetes just to get in there to see
17 what we had.

18 [Reference: Presentation Slide 16]

19 So I talked a few minutes ago about Matthew's
20 place in history. So this is showing the top seven
21 storms in our history. Matthew ranks number five
22 in terms of customers out, at peak.

23 [Reference: Presentation Slide 17]

24 So, talking a little bit about restoration. I
25 mentioned earlier that after the storm hit we had

1 quadrupled the number of people from nearly 2300 –
2 that's what we thought we were going to need in the
3 days before the storm hit, around 2300. The
4 reality was, we had about 10,000. And these men
5 and women came from 12 states around the country
6 and Canada, to give you a feel for the mobilization
7 effort required.

8 So we housed these people, the utility
9 workers, in staging areas, as I mentioned before –
10 Dillon, Sumter, Florence – and this is where people
11 working hard get warm meals, box lunches for the
12 field, warm showers, clean restrooms, in a safe,
13 comfortable spot to bed down for the night. Very
14 important, of course.

15 So in the areas where floodwater was not
16 present, we made great progress restoring power.
17 In fact, 90 percent of Duke Energy's customers were
18 restored by Wednesday night. And by that Saturday,
19 October 15th, most of the outages were restored,
20 except where prevented by flood.

21 So if you go back and think about this in the
22 beginning, Sunday, October 9th, is when the storm
23 had cleared the area and we could go to work. On
24 that morning after the storm passed, there were
25 about 155,000 Duke Energy customers without power

1 in South Carolina. By Saturday night, October
2 15th, most of those customers in South Carolina who
3 could have electricity restored to their homes and
4 businesses had power.

5 If you look at October 27th, that's just a
6 date that I have in my mind in terms of where were
7 we after the floods. The storm is over; we have
8 flooding. On October 27th, we still had about 700
9 customer accounts, across both North and South
10 Carolina, that the premises were either unsafe to
11 receive power or condemned. As of yesterday – I
12 checked yesterday – that number is around 200. So
13 there's still a couple of hundred people that it's
14 either still not safe to connect them or it never
15 will be and it's condemned.

16 And in several of the hardest-hit areas,
17 including parts of Marion and Dillon Counties, you
18 know, the structures are so severely damaged that,
19 you know, it's really a whole community that
20 requires focus to recover.

21 So, with that, I'd like to turn it over to
22 Mindy to talk about the State's and local-level
23 communications.

24 **MS. MINDY TAYLOR [DEC/DEP]:** Thank you, Bobby.

25 [Reference: Presentation Slide 18]

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You've heard Bobby talk about historic flooding, and one area in particular was Nichols. As you can see from the pictures, the extensive flooding was devastating to this community.

Tuesday after the storm hit, Clark Gillespy and I met with Marion County officials, including the Mayor of Nichols. It was heartbreaking to listen to him talk about the effects of this hurricane to his community. He, along with others, is determined to work tirelessly to get this community back on its feet.

A steering committee for long-term recovery has been established and I have been asked to serve on that committee. The Town of Lake View and the community of Green Sea in Horry County are served out of the Nichols substation, which was damaged by the extensive flooding. Work continues to get this substation back on-line, and that work will be completed this month.

[Reference: Presentation Slide 19]

While making a visit to the Dillon County Emergency Operations Center, I met Master Sergeant Lewis, with the South Carolina National Guard. He offered their assistance, and we gladly accepted it.

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We had a group of engineers, who we're very proud of, that came up with a creative solution to serve the Town of Lake View and Green Sea from a feeder outside of Mullins until the Nichols substation is put back into service. The plan involves partnering our crews with the South Carolina National Guard to get power restored. The Guard took their high-water vehicles in ahead of our crews to ensure that we could access the area in order to work safely.

Restoring service is only a part of the restoration process. Communication is the other key component. At the State level, we had staff that was in contact with the South Carolina Emergency Management Division and the ORS. They were provided updates on customer outage numbers and responded to questions regarding critical infrastructure, such as water treatment plants, nursing homes, among others. On a local perspective, there are three district managers for government and community relations, who communicated with local officials on an ongoing basis. Those local officials include County Emergency Management directors, mayors, City and County managers, legislators, Chamber presidents,

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and more.

We provided communication ahead of the storm regarding our planning efforts and how the weather may impact our service territory. During the restoration process, we provided proactive communication that included outage numbers, crew mobilization, and safety information. We were also there to respond to questions from our local officials and to assist them with critical-infrastructure power needs.

[Reference: Presentation Slide 20]

Our communication efforts for the storm were robust, as we saturated all available communication channels with information, using conventional methods such as print and radio, in addition to texting and social media. This slide provides you with a high-level view of the impact of these methods.

[Reference: Presentation Slide 21]

We produced six storm-director video updates from Bobby Simpson and promoted them through our social media. This was a real big hit with our customers.

[Reference: Presentation Slide 22]

The Hurricane Matthew portion of our website

1 was updated several times a day with photos,
2 videos, and news releases. The site was redesigned
3 to accommodate the initial focus on Florida, then
4 transitioned to focus on the Carolinas during the
5 storm.

6 [Reference: Presentation Slide 23]

7 We continue to see success with traditional
8 media outreach, but the real story was the level of
9 engagement we achieved with customers on social
10 media and their mobile devices. For instance, of
11 the 1.4 million views to our outage maps, close to
12 80 percent were from a mobile device.

13 [Reference: Presentation Slide 24]

14 Our social media channels performed well with
15 the content being served to our followers nearly 9
16 million times. More than 100,000 people liked,
17 commented, or shared our content on Facebook or
18 Twitter.

19 [Reference: Presentation Slide 25]

20 Social media allows you to engage with people
21 where they are, delivering data that's relevant
22 and, in some cases, real-time. In many cases, our
23 employees became virtual field reporters, bringing
24 the story directly to our customers through their
25 mobile devices.

1 [Reference: Presentation Slide 26]

2 When hurricanes and other natural disasters
3 strike, the Duke Energy Foundation works closely
4 with organizations to provide relief in the Duke
5 Energy communities that we serve. We provided
6 \$100,000 to assist our customers who were impacted
7 by Hurricane Matthew in South Carolina. Fifty
8 thousand dollars [\$50,000] of that went to the One
9 SC Fund, to support non-profit organizations
10 providing relief and recovery assistance to those
11 affected by Hurricane Matthew. Twenty-five
12 thousand dollars [\$25,000] of that went to the Red
13 Cross, to help with disaster relief efforts in the
14 Pee Dee region, and \$25,000 went to Harvest Hope
15 Food Bank, to support their mobile food pantries
16 program in the Pee Dee region.

17 And as a matter of fact, this Friday, we have
18 a group of employees that will be working in Marion
19 County to distribute 600 food boxes to customers in
20 need.

21 And, at this point, I'll turn it back over to
22 Bobby.

23 [Reference: Presentation Slide 27]

24 **MR. BOBBY SIMPSON [DEC/DEP]:** Okay. So I'd
25 like to close and just talk briefly about lessons

1 learned. So, lessons learned is something we take
2 very seriously, so you can go all the way back to
3 Hurricane Hugo, and one thing that we have been
4 very committed to is, after each and every storm,
5 even if it's a relatively small storm, we do a
6 lessons-learned and we take that and turn it into
7 something we need to do better, just for
8 continuing-improvement purposes. That means
9 addressing all the facets of a storm, damage
10 assessment, resource mobilization, communications,
11 and logistics, to name a few. So that is something
12 we take very seriously.

13 I want to just speak briefly to a couple of
14 things in Matthew. So some things that went well
15 during Matthew is the acquisition of people. It's
16 a very competitive market when there's a storm like
17 this brewing out in the ocean, you don't know where
18 it's going to go, and everybody is watching it and
19 nobody wants to release anything. So getting that
20 process going, and working that, we were – you
21 know, it's really through building relationships
22 through the Southeastern Electric Exchange Mutual
23 Assistance Program and getting that stood up in a
24 way that's effective and what we depend on. So
25 that went well. The connections and engagement

1 with State and local officials was really key for
2 us. And then having to come up with creative
3 solutions because of the unusual challenges, like
4 the flooding, those are things that were really
5 worrisome during the event, but things worked out
6 because we kept working it.

7 A couple of things that need improvement? The
8 term "estimated time of restoration," sometimes
9 you'll see the acronym ETR; it stands for
10 "estimated time of restoration." It simply means
11 telling people when their power is going to be back
12 on. That's something that we have a process and we
13 have technology, but it does become frustrating to
14 customers at times, and we are working to improve
15 that process as technology allows us.

16 The other thing I wanted to mention that needs
17 improvement is logistics. Anytime you move this
18 many people into a relatively small area, with this
19 kind of an effort to take place – logistics when it
20 comes to staging areas, hotels, rooms for people,
21 and so forth – there's always things that don't go
22 well, that we need to really understand what
23 happened and try to make that better the next time.

24 Then the final thing that's a key lesson
25 learned, when you think about the Matthew response,

1 I mean, we're very proud of our people, we're proud
2 of the performance in terms of responding. When
3 you think about the system – so, the electrical
4 system – that's something that, when you look at
5 it, it withstood the impacts of Matthew fairly
6 well, but we think it needs to be better and we
7 think we need to do some things to improve what we
8 refer to as the "hardness" and the "resiliency," if
9 you will, of the system. And what I mean by that,
10 "hardness" I simply mean a system that can
11 withstand and not have outages. And the resiliency
12 piece of that simply means, when we do have one,
13 that we recover quickly. So those are things that
14 we feel like we need to get better at in terms of
15 the way the system performs.

16 So, you know, in simple terms, we can't build
17 a system that can't be harmed by a Matthew, but we
18 can build a system that can withstand more when it
19 comes to the consequences of the weather. So
20 that's something that we'll be looking at.

21 [Reference: Presentation Slide 28]

22 So, as a way of closing, I mentioned before,
23 Herculean effort, responding to a storm like this.
24 It requires experiences, sound decision-making,
25 partnerships, team work, and a willingness to try

1 new things to overcome challenges, and it requires
2 a lot of patience, compassion, and just pure
3 dedication of everybody that's involved.

4 So I trust that Mindy and I have demonstrated
5 to you, and to our customers, and to our
6 communities that Duke Energy takes seriously our
7 responsibility to serve South Carolina, and that
8 the actions we took after Matthew were the right
9 actions to restore normalcy to the affected
10 communities as quickly and safely as possible.

11 And that concludes the presentation. Thank
12 you.

13 Are there any questions?

14 **CHAIRMAN WHITFIELD:** Thank you, Mr. Simpson
15 and Ms. Taylor, for that very informative
16 presentation. Yes, we're going to take some
17 questions from Commissioners at this time.

18 Commissioner Howard.

19 **COMMISSIONER HOWARD:** A curiosity question
20 I've had for a long time. Living on the coast –
21 and I'm sure other places – we get these models,
22 these 10 or 15 models when a hurricane is just
23 miles away. Have you all tested these models to
24 see which one was more accurate so, the next time,
25 maybe the red line shows more accurate than the

1 green line? Do you all do that or is there any –

2 **MR. BOBBY SIMPSON [DEC/DEP]:** Yes,
3 Commissioner. We have six meteorologists with our
4 company that collaborate on that. But in simple
5 terms, they do – they know which models to depend
6 on. In fact, frankly, they wear me out talking
7 about 1000 models.

8 [Laughter]

9 Because I find myself telling them, "I don't
10 really want to hear about the model. I want to
11 know what you think."

12 **COMMISSIONER HOWARD:** Yeah.

13 **MR. BOBBY SIMPSON [DEC/DEP]:** But the reality
14 is, the models are very good today compared to the
15 way they were years ago, and you often hear them
16 refer to the American Model or the European Model;
17 those are really the two that they hang their hat
18 on.

19 **COMMISSIONER HOWARD:** This slide – it's also
20 Slide 7 – those downed pole transmission and
21 distribution lines, how many of those were in South
22 Carolina? What percentage of those were in South
23 Carolina versus –

24 **MR. BOBBY SIMPSON [DEC/DEP]:** Slide 7
25 [indicating]?

1 **COMMISSIONER HOWARD:** Yeah, there was also the
2 information on that last slide there.

3 **MR. BOBBY SIMPSON [DEC/DEP]:** Yeah, I need to
4 look here a minute.

5 [Reference: Presentation Slide 7]

6 **COMMISSIONER HOWARD:** That's the one, yeah,
7 the substation and transmission lines. You had 18
8 substations^[sic], and then you got the miles, but you
9 didn't indicate how many of those were in South
10 Carolina.

11 **MR. BOBBY SIMPSON [DEC/DEP]:** Yeah, I don't
12 have that handy, as far as how many of those miles
13 were in North versus South Carolina. I don't
14 recall those.

15 **COMMISSIONER HOWARD:** Okay. Oh, golly. As
16 much as it pains me to do this, I have to thank Mr.
17 Scott for keeping us up-to-date. It's hard for me
18 to say anything nice about Mr. Scott. But he did a
19 tremendous job of keeping us informed. Some of his
20 e-mails came at 2 or 3 o'clock in the morning. I
21 don't know who did those for him, but –

22 [Laughter]

23 – but he did a good job. Thank you, Mr.
24 Scott.

25 **MR. SCOTT:** [Indicating.]

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CHAIRMAN WHITFIELD: Thank you, Commissioner Howard. Commissioner Hamilton?

COMMISSIONER HAMILTON: I'd like to kind of give a shout-out, I think. A great deal of what happened during Matthew was in my district, the Pee Dee, Grand Strand areas. And I've never seen a group of people from the different companies that are represented and that we'll talk to here today, that have done a better job than you did. I'm a member of the Council of Government; we had a meeting last night. And one of the things discussed during that membership was the excellent way that each of you performed during this period of time it happened.

I live in Bennettsville and I have a little house in Cherry Grove, and I was hit in both places, but not bad. The last time I got hit by a hurricane that hurt me was in 1989, so I guess I'm pretty doggone lucky, and I guess South Carolina is pretty lucky, too, for what we've gone through. But I think all of us are fortunate to have people like you that stand up for us and are willing to go to the limits that you do to restore power as quick as you do.

I know everybody is not nice to you when

1 emotions get all tied up with everything that's
2 happened to them, but the folks that I saw last
3 night represent the entire Pee Dee area, seven
4 counties, and all of them are real high and
5 complimentary of the efforts you performed during
6 Matthew, and I just wanted to relay that
7 information to you. Thank you, very much.

8 **MR. BOBBY SIMPSON [DEC/DEP]:** Thank you.

9 **COMMISSIONER HAMILTON:** Thank you, Mr.
10 Chairman.

11 **CHAIRMAN WHITFIELD:** Thank you, Commissioner
12 Hamilton.

13 Commissioner Fleming.

14 **COMMISSIONER FLEMING:** Good morning.

15 **MR. BOBBY SIMPSON [DEC/DEP]:** Good morning.

16 **COMMISSIONER FLEMING:** First of all, thank you
17 for that presentation. I'm always so impressed
18 with our utilities and how they respond under these
19 disastrous events. And I just really appreciate so
20 much how you do, and it's so interesting – you
21 talked about lessons learned, and each event brings
22 about an improvement that we see the next time.
23 But there's always room for improvement, I know.
24 So it really is interesting to see how you've grown
25 in responding to these events. Certainly

1 appreciate all that you do, and the flexibility
2 that you display, just like when one of the staging
3 areas is flooded, you move to the next one, or
4 whatever, so it – and it just is very impressive.
5 Thank you for that.

6 I wanted to ask you what happens with the
7 billing process for the customer during these
8 events? I've just never really, I guess, thought
9 about it that much until thinking of the number of
10 customers without power for such a long period of
11 time. Something that I'm sure you would have never
12 imagined; I certainly didn't, with a Category 1
13 storm. Usually, that's pretty uneventful.

14 **MR. BOBBY SIMPSON [DEC/DEP]:** Yeah, the
15 billing process for the customers that were
16 impacted by the floods and can't take power, we've
17 discontinued that until that gets resolved, so it
18 becomes a suspended account.

19 **COMMISSIONER FLEMING:** And is there
20 consideration given for affordability as they're
21 going through the process of restoring a place to
22 live?

23 **MR. BOBBY SIMPSON [DEC/DEP]:** There is.
24 Mindy, can you talk more specifically?

25 **MS. MINDY TAYLOR [DEC/DEP]:** [Shaking head.]

1 MR. BOBBY SIMPSON [DEC/DEP]: I don't have the
2 details on that, at this time.

3 COMMISSIONER FLEMING: Okay. And what was the
4 major cause of the outages? Was it water, or was
5 it the wind, or was it equally both? I mean, I
6 know in some of the places, like Dewees Island and
7 all, it was the water that caused the major damage
8 there, which is also an unusual thing to happen
9 during a hurricane.

10 MR. BOBBY SIMPSON [DEC/DEP]: Yeah, the major
11 cause was trees that just toppled down, outside of
12 our right-of-way.

13 COMMISSIONER FLEMING: Because of the wind, or
14 water, or a combination?

15 MR. BOBBY SIMPSON [DEC/DEP]: It was that
16 combination of saturated ground, a huge amount of
17 rain, and wind, all at one time coming in together.

18 COMMISSIONER FLEMING: We had a night hearing
19 in Florence after the hurricane went through, and I
20 was just astounded driving down the interstate
21 there, to see the number of trees that had come up.
22 The old oak trees, the pine trees, all of them,
23 were just lying down all over the place. Could you
24 talk a little bit about the hardness and
25 resilience? I noticed so many poles went down, and

1 I know there have been major improvements in poles
2 that can withstand or are supposed to be able to
3 withstand storms more. Were any of these upgraded
4 to that, or were these just the standard poles that
5 have been there?

6 MR. BOBBY SIMPSON [DEC/DEP]: Yeah, these are
7 the standard poles. From a hardness standpoint,
8 the vegetation, the tree trimming, is what's really
9 key here. So, we have been effective in terms of
10 maintaining our rights-of-way, as far as what we
11 are allowed to cut. We do have a Hazard Tree
12 Removal Program where we remove trees outside the
13 right-of-way that could be in danger of falling in.
14 Those were the things that created the issue.
15 That's where – when I say "hardness," we want to do
16 more hazard tree removal.

17 COMMISSIONER FLEMING: Okay.

18 MR. BOBBY SIMPSON [DEC/DEP]: Does that make
19 sense?

20 COMMISSIONER FLEMING: Yes. It's kind of hard
21 to do, though, when you see the size trees that
22 came down.

23 MR. BOBBY SIMPSON [DEC/DEP]: It is. It's
24 like, how far do you need to go?

25 COMMISSIONER FLEMING: Right.

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MR. BOBBY SIMPSON [DEC/DEP]: But we really think that is one of the key ways to harden the system, and cost-effective ways.

COMMISSIONER FLEMING: Did you – I'm just curious. Did you have any of the new poles out? Were they in any of the areas, so that you could see if they could withstand this storm better than the regular poles?

MR. BOBBY SIMPSON [DEC/DEP]: I don't know that – I think, in general, there's such a mixture of pole age out there, we haven't looked specifically at how old were the poles that broke.

COMMISSIONER FLEMING: But when you would replace them, are you planning to upgrade to these more resilient type poles? Or do you know that?

MR. BOBBY SIMPSON [DEC/DEP]: And we don't know that, yet. We're looking at how do we harden the system, what are the different ways that are most cost-effective.

COMMISSIONER FLEMING: And I know you placed a major emphasis on safety. I just wonder how your workers and personnel fared during this event.

MR. BOBBY SIMPSON [DEC/DEP]: Overall, it was well. I think we had one personal injury. We had a number of vehicle accidents that ranged

1 everything from someone being rear-ended by someone
2 in the community, all the way to running off the
3 road because of a road caved in. So we had a
4 concerning number of vehicle accidents, but we only
5 had one personal injury.

6 **COMMISSIONER FLEMING:** Well, once again, I
7 applaud you. I mean, that's pretty remarkable in
8 and of itself, for both the depth of the
9 destruction and the length of time for it, as well.
10 And I just also want to reiterate how much I have
11 appreciated the communication and the working
12 together that is happening in this State when these
13 disasters occur, and the work that ORS does in
14 keeping us informed along the way. Thank you, very
15 much.

16 **MR. BOBBY SIMPSON [DEC/DEP]:** Thank you.

17 **CHAIRMAN WHITFIELD:** Commissioners? Well, if
18 no other, I've got just a few for you, and I'd like
19 to also, again, thank you, too, for your
20 presentation, and I'd also like to echo one or two
21 of the comments already about Mr. Dukes Scott and
22 ORS. I don't know that it pains me, but I'm gonna
23 say it anyway.

24 [Laughter]

25 Mr. Scott, we allowed him to address us in one

1 of the earlier hearings right in the midst of this,
2 and, of course, we all know how passionate he is; I
3 thought I was going to have to pass out a box of
4 Kleenexes for him, there.

5 [Laughter]

6 But he did do a great job, through the proper
7 channels, keeping us informed. And I don't think
8 he slept. I don't know when he did, if he did,
9 because we were getting things round-the-clock.
10 So, we do know that he and other ORS personnel
11 spent a lot of time at the Emergency Operations
12 Center and we certainly appreciate that.

13 And back to the utilities, what Commissioner
14 Hamilton and Commissioner Fleming have already
15 said, at that night hearing there were a lot of
16 compliments. And as you know, or may not – may or
17 may not know, we don't get a lot of compliments.
18 So there were a lot of compliments of how quickly
19 restoration was, particularly of the 90 percent. I
20 know you had that hardest-to-get-to 10 percent, and
21 that's a little bit about where some of my
22 questions are. But I do think it was a heroic
23 effort to get people back on – as many as you did
24 as quick as you did, and particularly in that Pee
25 Dee area where you couldn't access some of those

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areas.

I notice – and this question can be for either one of you. I guess it was, Ms. Taylor, part of your presentation, a couple of these questions. One, you've got 20 marsh buggies. Is that something – you mentioned partnering with the National Guard. Is that National Guard led you in, or are those Duke vehicles? How did that work.

MS. MINDY TAYLOR [DEC/DEP]: The marsh buggies referenced are Duke Energy vehicles. What the National Guard did was drive their high-water vehicles in ahead of ours to really test the depth of the water. So our trucks followed them in to make sure it was safe and that we could access the areas.

CHAIRMAN WHITFIELD: So you actually – those buggies actually belong to the company.

MS. MINDY TAYLOR [DEC/DEP]: Uh-huh.

CHAIRMAN WHITFIELD: Next, we did hear about the two Duke employees who were shot at. I think – I understand the bullet went through the windshield. Was the person or persons ever caught, ever apprehended? Do you know?

MR. BOBBY SIMPSON [DEC/DEP]: I don't know. I do not know if they have been, or not.

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CHAIRMAN WHITFIELD: I'm curious to know that. That was unfortunate at a time like this to – well, it's unfortunate at any time, but, particularly, I can't imagine somebody trying to do something like that to someone that's trying to help them and trying to help their community.

And, lastly, we saw – you showed the pictures of Nichols, and we know how badly that area was flooded. We didn't get quite that far, going to the night hearing, but we did see a lot of trees down. We understand, from the pictures and the pictures we had seen on TV how bad it was flooded. But the substation in Nichols, when you mentioned that went down, and you had to – and that served, I think you said, Green Sea and Lake View, and maybe a couple of other communities. How did you get power back into those areas while the substation in Nichols was down? I know Nichols was still underwater, but were you able to get – I know Green Sea is a little bit further east. Were you able to get power through another means to them, or what did you do in that situation?

MR. BOBBY SIMPSON [DEC/DEP]: Yes. We actually built a line out of Mullins to serve those two communities, because Nichols was still

1 underwater; it was going to be – we didn't know
2 when it was going to be accessible. In fact,
3 Nichols substation should be back to normal in
4 another week. But to get those two communities
5 back on, we built a line out of Mullins.

6 **CHAIRMAN WHITFIELD:** So the substation is
7 still not back up to normal yet. I know you said
8 you had 200 people still out that may not ever be
9 able to move back in, or condemned, something of
10 that nature.

11 **MR. BOBBY SIMPSON [DEC/DEP]:** Right.

12 **CHAIRMAN WHITFIELD:** But the substation is
13 still not –

14 **MR. BOBBY SIMPSON [DEC/DEP]:** I'm expecting
15 the Nichols substation to be back to normal any day
16 now.

17 **CHAIRMAN WHITFIELD:** Okay. Well, thank you
18 for that update, and thanks to both of you again.
19 If there are no further questions, I'm going to
20 recognize Mr. Nelson.

21 Do you have anything further that ORS would
22 like to add?

23 **MR. NELSON:** Nothing, Mr. Chairman. Thank
24 you.

25 **CHAIRMAN WHITFIELD:** Okay. Well, if not, I

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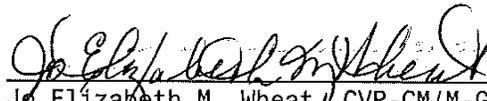
would ask those of you to remember Mr. Nelson's instructions on the sign-in sheets that he gave us at the beginning, and this allowable ex parte briefing is adjourned. And we're going to take a brief break before we resume our next allowable ex parte, probably five to ten minutes.

[WHEREUPON, at 11:25 a.m., the proceedings in the above-entitled matter were adjourned.]

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an Allowable Ex Parte Proceeding held before THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA in Columbia, South Carolina, according to my verbatim record of same.

IN WITNESS WHEREOF, I have hereunto set my hand, on this the 14TH day of December, 2016.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC
My Commission Expires: January 27, 2021.